

# STARFLEX SFLEX TB

THAILAND / PACKAGING

## BUY

UNCHANGED

## 2024 profit to reach all-time high

- Expect the core profit in 4Q24 to remain high at THB76m (flat q-q, +80.3% y-y), with the full-year core profit reaching an all-time high.
- For 2025, we slightly raise our profit forecast by 4.2%. However, profit growth is starting to slow.
- Trim our TP as growth is fading.

TARGET PRICE	THB4.70
CLOSE	THB2.58
UP/DOWNSIDE	+82.2%
PRIOR TP	THB5.10
CHANGE IN TP	-7.8%
TP vs CONSENSUS	-5.1%

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,795	1,884	2,012	2,102
Net profit	184	279	296	289
EPS (THB)	0.22	0.34	0.36	0.35
vs Consensus (%)	-	0.9	(3.5)	(12.5)
EBITDA	288	356	376	393
Recurring net profit	181	279	296	289
Core EPS (THB)	0.22	0.34	0.36	0.35
Chg. In EPS est. (%)	-	3.5	4.2	0.0
EPS growth (%)	231.2	53.7	6.4	(2.5)
Core P/E (x)	11.7	7.6	7.1	7.3
Dividend yield (%)	3.5	5.3	5.6	5.5
EV/EBITDA (x)	9.3	7.6	7.2	6.8
Price/book (x)	2.1	2.0	2.0	1.9
Net debt/Equity (%)	56.7	57.9	54.6	49.4
ROE (%)	18.3	27.2	27.9	26.8

### Expect 4Q24 profit to remain high – flat q-q, +80% y-y

We expect SFLEX's core profit in 4Q24 to remain high at THB76m (flat q-q, +80.3% y-y), which is better than our previous estimate. This should be due to a slight increase in the gross margin to 26.3%, compared to 26.1% in 3Q24 and 25.3% in 4Q23, driven by continued declines in raw material costs and the company's efficient management. At the same time, well-controlled expenses should help offset a slight decline in profit contributions from StarPrint Vietnam, which we expect to decrease from the previous quarter due to the stronger Thai baht.

### 2024 core profit to reach all-time high

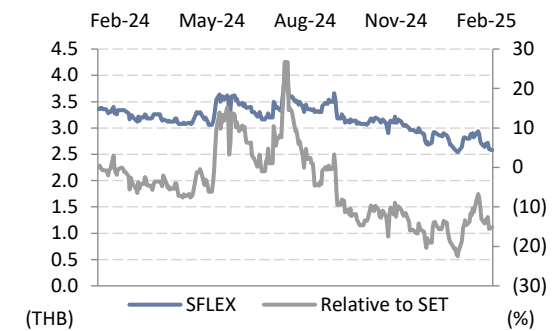
For the full-year 2024, we expect that SFLEX's core profit will likely reach THB279m, marking an all-time high and a sharp increase of 53.7% y-y from 2023, which had already seen 231.2% y-y growth. The core profit could be 3.5% higher than our previous estimate. The strong profit growth in 2024E is driven by 1) an improved gross margin, expected to rise to 25.3%, up from 24.0% in 2023; 2) the effective control of SG&A expenses (11.2% to sales as compared to 12.4% in 2023); 3) the full-year recognition of profit contributions from StarPrint Vietnam for the first time, estimated at THB25m; and 4) a significantly low corporate tax rate of only 1% of profit, benefiting from BoI tax incentives. Meanwhile, we expect its sales revenue to grow by only 5.0% y-y in 2024, as selling prices were adjusted downward in line with declining raw material costs.

### Profit to remain high but growth likely to slow in 2025-26

For 2025, we slightly raise our profit forecast by 4.2%, primarily due to expectations that the gross margin will remain at a high level. However, despite reaching a new high of THB296m in 2025E, the growth rate may slow to 6.4% y-y after two consecutive years of rapid expansion. Additionally, profit is likely to dip in 2026 once tax benefits expire. Overall, we expect profit over the next three years to remain higher than historical levels, but we project growth to slow to a 1.1% CAGR (2024-26).

### Maintain BUY rating, but lower TP as growth is fading

SFLEX's strongest growth phase is fading, but we believe it will still maintain high profitability, generating THB70m-80m per quarter in 1H25. While we still favor SFLEX's market leadership, we lower our target P/E to 13x (-0.8SD of its four-year average) from 14.8x (-0.7SD of the 4-year average). Our new TP is THB4.70. We maintain our BUY rating.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	(17.8)	(21.3)
Relative to country (%)	7.5	(5.7)	(13.2)
Mkt cap (USD m)	59		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.06/2.28		
Issued shares (m)	820.01		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

We expect SFLEX's core profit in 4Q24 to remain high at THB76m (flat q-q, +80.3% y-y), which is better than our previous estimate. This should be due to a slight increase in the gross margin, driven by continued declines in raw material costs and the company's efficient management.

For 2025, we slightly raise our core profit forecast by 4.2%. However, despite the expectation of reaching a new high of THB296m in 2025, we estimate the growth rate to slow to 6.4% y-y. While we still favor SFLEX's market leadership, we lower our target P/E to 13x (-0.8SD of its four-year average) from 14.8x (-0.7SD of the 4-year average). Our new TP is THB4.70. We maintain our BUY rating.

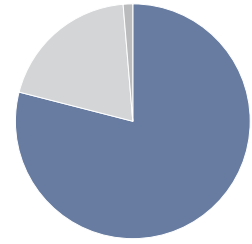
## Company profile

Starflex is a leading manufacturer and distributor of flexible packaging in roll form, selling mainly to local consumer product suppliers. Its flexible packaging is a multilayer film, splicing 2-5 layers using glue or resin as a binding material which results in a rigid film that is resistant to heat and high pressure, and is lightweight and capable of having graphic patterns printed on the surface.

[www.starflex.co.th](http://www.starflex.co.th)

## Principal activities (revenue, 2023)

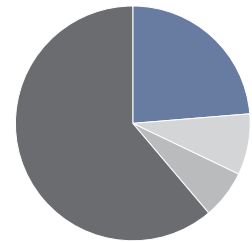
- Non-food packaging - 79.0 %
- Food packaging - 19.7 %
- Others - 1.3 %



Source: Starflex

## Major shareholders

- Mr. Printhorn Apithanasriwong - 23.7 %
- Mr. Ek Picharnchitra - 8.4 %
- BTS Group Holdings - 6.7 %
- Others - 61.2 %



Source: Starflex

## Catalysts

Key potential catalysts include 1) a broad-based economic recovery; 2) a decline in oil prices; 3) baht appreciation; and 4) strong consumption growth in Vietnam.

## Risks to our call

Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) baht depreciation.

## Event calendar

Date	Event
26 February 2025	4Q24 earnings announcement

## Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Sales revenue	1,884	2,012	2,102
Growth (%)	5.0	6.8	4.4
Non-food packaging	1,413	1,509	1,576
Food packaging	463	495	517
Gross margin (%)	25.3	25.5	25.3
SG&A to sales (%)	11.2	11.2	10.9
Core profit margin (%)	14.8	14.7	13.7

Source: FSSIA estimates

## Earnings sensitivity

- For every 0.5% change in gross margin, we project SFLEX's 2025 core profit to change by 3.6%, all else being equal.
- For every 0.5% change in SG&A to sales, we project SFLEX's 2025 core profit to change by 4.0%, all else being equal.

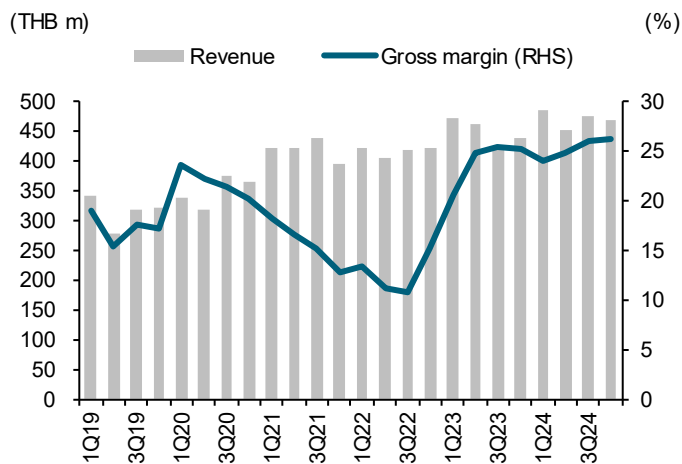
Source: FSSIA estimates

Exhibit 1: SFLEX – 4Q24 earnings preview

Year to Dec 31	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		2023	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	439	485	452	476	470	(1.4)	7.0	1,795	1,884	5.0
Cost of sales	(328)	(368)	(341)	(352)	(346)	(1.6)	5.6	(1,365)	(1,408)	3.1
Gross profit	111	117	112	124	123	(0.7)	11.2	430	476	10.8
Other income	4	6	5	7	7	10.0	84.3	23	25	10.9
Operating costs	(63)	(55)	(47)	(55)	(55)	0.4	(12.8)	(223)	(212)	(5.1)
Operating profit	52	68	70	76	76	(0.5)	46.2	233	291	24.7
Operating EBITDA	66	85	87	92	92	0.3	41.1	291	356	22.4
Interest expense	(6)	(8)	(10)	(8)	(7)	(18.0)	17.5	(10)	(34)	246.1
Associates	0	3	5	10	7	(32.0)	nm	(0)	25	nm
Profit before tax	46	63	66	77	76	(1.8)	64.6	223	257	15.1
<b>Reported net profit</b>	<b>42</b>	<b>64</b>	<b>65</b>	<b>75</b>	<b>75</b>	<b>(0.7)</b>	<b>77.9</b>	<b>184</b>	<b>279</b>	<b>51.5</b>
<b>Core profit</b>	<b>42</b>	<b>63</b>	<b>65</b>	<b>76</b>	<b>76</b>	<b>(0.1)</b>	<b>80.3</b>	<b>181</b>	<b>279</b>	<b>53.7</b>
Reported EPS (THB)	0.051	0.077	0.083	0.097	0.091	(5.8)	77.9	0.22	0.34	51.5
Core EPS (THB)	0.051	0.077	0.079	0.093	0.093	(0.1)	80.3	0.22	0.34	53.7
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	25.3	24.0	24.7	26.1	26.3	0.2	1.0	24.0	25.3	1.3
SG&A / Sales	14.4	11.3	10.4	11.5	11.7	0.2	(2.7)	12.4	11.2	(1.2)
Operating margin	11.8	14.1	15.6	15.9	16.1	0.3	4.3	12.8	15.4	2.6
EBITDA margin	14.9	17.5	19.2	19.3	19.7	0.3	4.7	16.2	18.9	2.7
Core profit margin	9.6	12.9	14.3	16.0	16.2	0.2	6.6	10.1	14.8	4.7

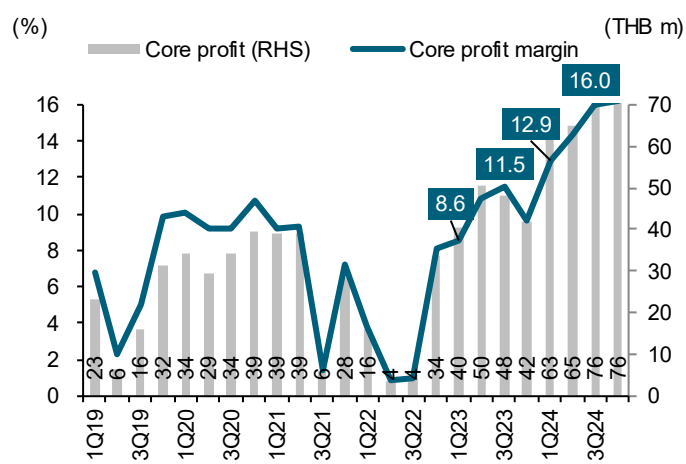
Sources: SFLEX, FSSIA estimates

Exhibit 2: Revenue and gross margin



Sources: SFLEX, FSSIA estimates

Exhibit 3: Core profit and core profit margin



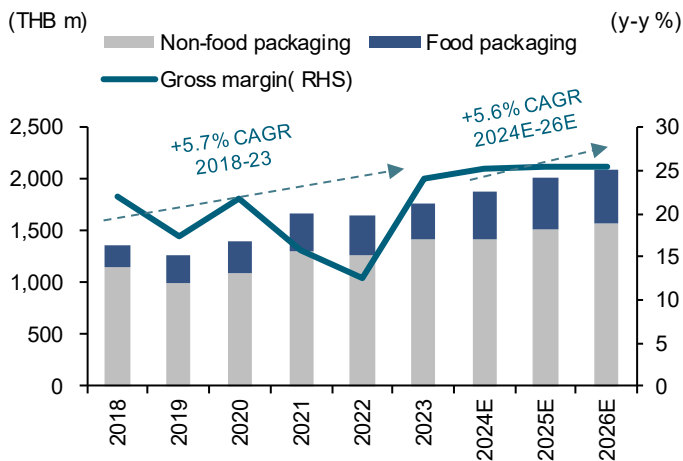
Sources: SFLEX, FSSIA estimates

**Exhibit 4: Key changes in assumptions**

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Sales revenue	1,884	2,012	2,102	1,895	2,037	2,179	(0.6)	(1.2)	(3.6)
Gross profit	476	513	532	470	499	533	1.2	2.9	(0.2)
SG&A expense	(212)	(224)	(229)	(212)	(226)	(237)	(0.2)	(0.8)	(3.6)
Interest expense	(34)	(31)	(30)	(35)	(33)	(29)	(3.2)	(6.5)	2.7
EBITDA	356	376	393	339	353	379	5.0	6.3	3.7
Equity income	25	29	32	27	35	38	(8.2)	(15.3)	(15.1)
Tax	(2)	(11)	(38)	(2)	(10)	(37)	4.8	6.9	2.3
Core profit	279	296	289	270	284	289	3.5	4.2	0.0
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross profit	25.3	25.5	25.3	24.8	24.5	24.5	0.5	1.0	0.9
SG&A to sales	11.2	11.2	10.9	11.2	11.1	10.9	0.1	0.1	0.0
EBITDA	18.9	18.7	18.7	17.9	17.3	17.4	1.0	1.3	1.3
Core profit margin	14.8	14.7	13.7	14.2	14.0	13.3	0.6	0.8	0.5

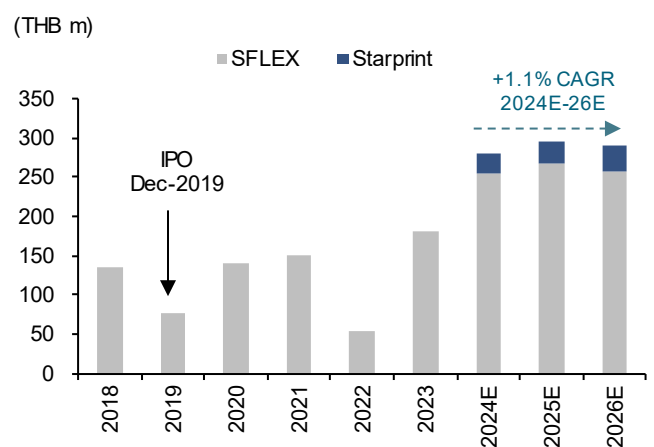
Source: FSSIA estimates

**Exhibit 5: Revenue and gross margin**



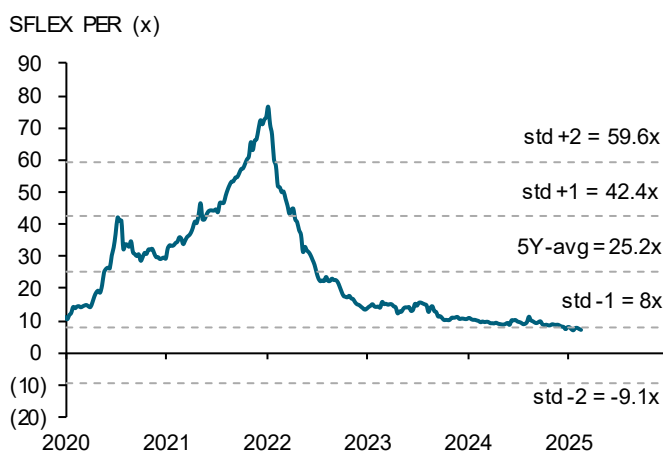
Sources: SFLEX, FSSIA estimates

**Exhibit 6: Core profit and profit sharing from associate**



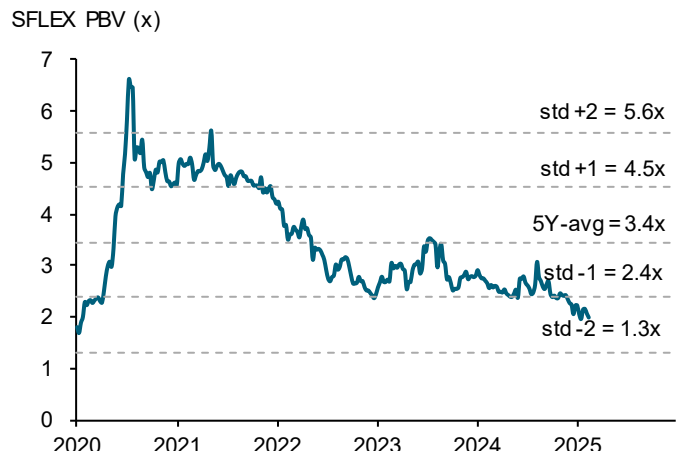
Sources: SFLEX, FSSIA estimates

**Exhibit 7: One-year rolling forward P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 8: One-year rolling forward P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Starflex

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,669	1,795	1,884	2,012	2,102
Cost of goods sold	(1,458)	(1,365)	(1,408)	(1,499)	(1,570)
<b>Gross profit</b>	<b>211</b>	<b>430</b>	<b>476</b>	<b>513</b>	<b>532</b>
Other operating income	27	23	25	20	22
Operating costs	(170)	(223)	(212)	(224)	(229)
<b>Operating EBITDA</b>	<b>124</b>	<b>288</b>	<b>356</b>	<b>376</b>	<b>393</b>
Depreciation	(57)	(58)	(66)	(67)	(68)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>67</b>	<b>230</b>	<b>290</b>	<b>309</b>	<b>325</b>
Net financing costs	(3)	(10)	(34)	(31)	(30)
Associates	-	0	25	29	32
Recurring non-operating income	0	0	25	29	32
Non-recurring items	0	3	1	0	0
<b>Profit before tax</b>	<b>65</b>	<b>223</b>	<b>281</b>	<b>307</b>	<b>327</b>
Tax	(10)	(39)	(2)	(11)	(38)
<b>Profit after tax</b>	<b>55</b>	<b>184</b>	<b>279</b>	<b>296</b>	<b>289</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>55</b>	<b>184</b>	<b>279</b>	<b>296</b>	<b>289</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(3)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>55</b>	<b>181</b>	<b>279</b>	<b>296</b>	<b>289</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.07	0.22	0.34	0.36	0.35
Reported EPS	0.07	0.22	0.34	0.36	0.35
DPS	0.03	0.09	0.14	0.14	0.14
Diluted shares (used to calculate per share data)	820	820	820	820	820
<b>Growth</b>					
Revenue (%)	(0.5)	7.5	5.0	6.8	4.4
Operating EBITDA (%)	(44.4)	132.7	23.5	5.5	4.5
Operating EBIT (%)	(58.2)	241.6	26.1	6.6	5.1
Recurring EPS (%)	(63.4)	231.2	53.7	6.4	(2.5)
Reported EPS (%)	(63.1)	234.6	51.5	6.2	(2.5)
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.6	24.0	25.3	25.5	25.3
Gross margin exc. depreciation (%)	16.0	27.2	28.8	28.8	28.5
Operating EBITDA margin (%)	7.4	16.1	18.9	18.7	18.7
Operating EBIT margin (%)	4.0	12.8	15.4	15.4	15.5
Net margin (%)	3.3	10.1	14.8	14.7	13.7
Effective tax rate (%)	14.9	17.4	0.8	3.6	11.7
Dividend payout on recurring profit (%)	45.0	40.7	40.1	40.0	40.0
Interest cover (X)	23.0	23.7	9.4	10.9	11.9
Inventory days	86.9	92.1	92.2	91.6	89.2
Debtor days	66.6	59.5	61.1	57.0	53.8
Creditor days	74.3	83.9	93.5	94.0	91.4
Operating ROIC (%)	5.4	17.5	21.1	22.3	23.7
ROIC (%)	4.8	13.6	15.3	16.0	16.9
ROE (%)	5.6	18.3	27.2	27.9	26.8
ROA (%)	3.7	10.4	14.5	14.7	14.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Non-food packaging	1,258	1,418	1,413	1,509	1,576
Food packaging	393	353	463	495	517
Others	18	24	8	8	8

Sources: Starflex; FSSIA estimates

## Financial Statements

Starflex

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	55	181	279	296	289
Depreciation	57	58	66	67	68
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	(67)	(28)	(58)
Change in working capital	50	(43)	(105)	(59)	34
<b>Cash flow from operations</b>	<b>162</b>	<b>197</b>	<b>172</b>	<b>277</b>	<b>333</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(144)	-	(224)	(114)	(109)
Net acquisitions & disposals	-	(460)	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(144)</b>	<b>(460)</b>	<b>(224)</b>	<b>(114)</b>	<b>(109)</b>
Dividends paid	(37)	(59)	(112)	(119)	(116)
Equity finance	0	(100)	0	0	0
Debt finance	66	346	157	(12)	(5)
Other financing cash flows	-	-	7	8	9
<b>Cash flow from financing</b>	<b>29</b>	<b>187</b>	<b>53</b>	<b>(123)</b>	<b>(111)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	7	28	8	0	0
<b>Net other adjustments</b>	<b>7</b>	<b>28</b>	<b>8</b>	<b>(49)</b>	<b>(75)</b>
<b>Movement in cash</b>	<b>54</b>	<b>(48)</b>	<b>9</b>	<b>(8)</b>	<b>38</b>
Free cash flow to firm (FCFF)	20.64	(252.93)	(18.08)	193.93	253.71
Free cash flow to equity (FCFE)	90.80	111.57	120.85	110.19	153.46

### Per share (THB)

FCFF per share	0.03	(0.31)	(0.02)	0.24	0.31
FCFE per share	0.11	0.14	0.15	0.13	0.19
Recurring cash flow per share	0.14	0.29	0.34	0.41	0.36

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,046	1,141	1,231	1,291	1,351
Less: Accumulated depreciation	(307)	(365)	(431)	(497)	(565)
<b>Tangible fixed assets (net)</b>	<b>739</b>	<b>776</b>	<b>801</b>	<b>794</b>	<b>786</b>
<b>Intangible fixed assets (net)</b>	<b>54</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>42</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32	408	488	488	488
Cash & equivalents	129	81	90	82	120
A/C receivable	263	322	309	319	300
Inventories	333	326	352	367	367
Other current assets	22	27	36	37	39
<b>Current assets</b>	<b>747</b>	<b>756</b>	<b>786</b>	<b>806</b>	<b>826</b>
Other assets	29	62	64	66	67
<b>Total assets</b>	<b>1,602</b>	<b>2,042</b>	<b>2,179</b>	<b>2,195</b>	<b>2,209</b>
Common equity	985	1,001	1,049	1,073	1,086
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>985</b>	<b>1,001</b>	<b>1,049</b>	<b>1,073</b>	<b>1,086</b>
Long term debt	175	168	325	313	309
Other long-term liabilities	43	46	55	63	72
<b>Long-term liabilities</b>	<b>218</b>	<b>215</b>	<b>380</b>	<b>376</b>	<b>381</b>
A/C payable	276	331	363	375	377
Short term debt	114	480	371	354	347
Other current liabilities	8	16	16	17	18
<b>Current liabilities</b>	<b>398</b>	<b>827</b>	<b>750</b>	<b>746</b>	<b>742</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,602</b>	<b>2,042</b>	<b>2,179</b>	<b>2,195</b>	<b>2,209</b>
Net working capital	334	328	317	332	310
Invested capital	1,188	1,615	1,710	1,721	1,694

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	1.20	1.22	1.28	1.31	1.32
Tangible book value per share	1.14	1.17	1.23	1.26	1.27

### Financial strength

Net debt/equity (%)	16.3	56.7	57.9	54.6	49.4
Net debt/total assets (%)	10.0	27.8	27.8	26.7	24.3
Current ratio (x)	1.9	0.9	1.0	1.1	1.1
CF interest cover (x)	81.1	12.5	11.2	8.2	9.7

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>38.7</b>	<b>11.7</b>	<b>7.6</b>	<b>7.1</b>	<b>7.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>70.4</b>	<b>21.3</b>	<b>13.8</b>	<b>13.0</b>	<b>13.3</b>
Reported P/E (x)	38.4	11.5	7.6	7.1	7.3
Dividend yield (%)	1.2	3.5	5.3	5.6	5.5
Price/book (x)	2.1	2.1	2.0	2.0	1.9
Price/tangible book (x)	2.3	2.2	2.1	2.1	2.0
EV/EBITDA (x) **	18.4	9.3	7.6	7.2	6.8
EV/EBITDA @ target price (x) **	32.4	15.3	12.5	11.8	11.2
EV/invested capital (x)	1.9	1.7	1.6	1.6	1.6

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Starflex; FSSIA estimates

# Starflex PCL (SFLEX TB)

**FSSIA ESG rating**
**n/a**

## Exhibit 9: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

## Exhibit 10: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
SFLEX	17.00	--	--	--	4.00	3.00	Certified	--	--	--	--	--	--	--	--
AJ	32.11	--	--	AAA	5.00	4.00	Certified	--	--	--	--	64.91	--	--	--
BGC	33.87	--	Y	AA	5.00	5.00	Certified	--	--	--	--	30.97	--	--	--
CSC	28.92	--	--	BBB	5.00	5.00	Certified	--	--	--	--	31.33	--	--	--
PJW	18.00	--	--	A	4.00	4.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

## Exhibit 11: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 5 / 0</b>
Climate change opportunities discussed	Yes	No. of board meetings for the year / % attendance	5 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	5
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	56 / 81
Waste reduction policy	Yes	Number of executives / female	6 / 0
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>3 / 3</b>
<b>Social</b>		Audit committee meetings	8
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	<b>Size of compensation committee</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	3
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	3
Pct women in workforce	41.2	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	6.12
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	2.1
Health and safety policy	Yes	<i>(EY OFFICE LIMITED)</i>	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>SETESG inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETESG Index</b> is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

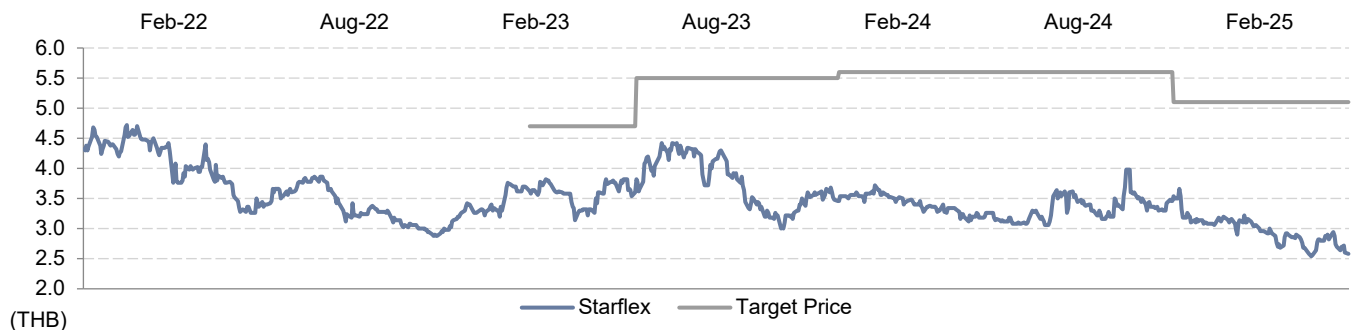
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#### History of change in investment rating and/or target price

##### Starflex (SFLEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Mar-2023	BUY	4.70	04-Dec-2023	BUY	5.60	-	-	-
12-Jun-2023	BUY	5.50	18-Sep-2024	BUY	5.10			

Jitra Amornthum started covering this stock from 10-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Starflex	SFLEX TB	THB 2.58	BUY	Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) baht depreciation.

Source: FSSIA estimates

#### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 17-Feb-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.